

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Number: **201408033**
Release Date: 2/21/2014

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

Date: November 26, 2013

UIL: 4945.04-04

LEGEND

E = Quantity

c dollars = Amount

d dollars = Amount

Dear :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code section 4945(g). This approval is required because you are a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our Determination

We approved your procedures for awarding scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of Code section 4945(g)(1). As a result, expenditures you make under these procedures will not be taxable.

Also, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provide in Code section 117(b)).

Purpose of the Foundation and Eligibility for Scholarships

Your purpose is to promote medical research and education, to provide medical and health care to the poor, and or to provide scholarships to children of low income and impoverished families.

Your letter indicates you will operate a scholarship program. The purpose of your scholarship program is to provide college scholarships to children from low income and impoverished families so that they can obtain a college education, break the cycle of poverty, and obtain gainful employment in careers that can support them and their future families.

Your scholarship awards are to be used for course work leading to a 2 or 4-year degree at an educational institution, which satisfies the definition set forth in Section 170(b)(a)(A)(ii) of the Internal Revenue Code and is accredited by one of the regional accrediting agencies approved by the Department of Education. The awarding of the scholarship does not constitute admission to any institution and it is the responsibility of the student to apply for admission to the institution of his or her choice.

You will seek applicants who have experienced adversity and overcome challenges in their lives. Applicants must meet the following minimum criteria in order to be eligible for a scholarship award:

- Be a high school graduate.
- Have a minimum high school GPA of 2.5
- Demonstrate financial need by providing documentation of family income in the form of one of the following: parent's tax return, or W-2 showing wages earned, or a copy of the Student Aid Report, which is generated by the submission of the Free Application for Federal Student Aid (FAFSA) for the school year in which the application is being submitted.
- Provide two (2) written recommendation letters from adults who can comment on the applicant's character, motivation, and academic potential to succeed in college.
- Provide a description of how he/she overcomes adversity and challenges in his/her life by writing an essay on that topic.

No distinction will be made among applicants on the basis of sex, race, religion, or national origin and you will award scholarships on a non-discriminating and objective basis.

No scholarship will be awarded to a child of any director or officer of you or any member of the selection committee. Moreover, no scholarship will be awarded to anyone who is related to an employee, officer, director, grantor or substantial contributors to you or a member of his/her family or a related entity (collectively, "Related Party"). You will circulate a list of potential/recommended recipients to the Related Party and ask if any recipient is personally known by the Related Party. You will also ask each potential/recommended recipient how he/she learned of the organization and if he/she knows anyone connected with you or a Related Party. If a recipient indicates he/she knows someone connected with you or a Related Party, a member of your organization will ask follow-up questions with the recipient and a Related Party to determine if the recipient has a prohibited relationship with the organization.

Application and Selection Process for Scholarships

You will solicit qualified candidates for your scholarships by working through schools, community-based organizations, and nonprofit organizations.

Your application form and other informational materials will be made available in hard copy and via your website. Qualified applicants must submit a completed application form, along with required documentation (such as high school transcripts and verification of financial need) by the deadline, which will be stated on all information materials. Scholarships will be awarded by you based on academic records, degree of financial need, seriousness of purpose and motivation, letters of recommendation, and ability to overcome adversity and challenges as described in the applicant's essay.

There will be a selection committee consisting of three to six community volunteers unrelated to your board members as well as your board members. Upon receipt of a candidate's application, the following steps will be taken:

- The selection committee members will review all applications. The selection Committee will consist of three to six community volunteers unrelated to your board members
- Each selection committee member using a ranking rubric will rate the applicants based on eligibility criteria.
- The results of each member's ratings will be collated and applicants will be ranked based on the results.
- The selection committee will have the option for a personal interview with finalists.

The final choice of the scholarship recipients will be made by your selection committee and an officer of your organization, who is an experienced scholarship manager.

Recipients will be notified by you of their selection for a scholarship award. The notice will include specific information regarding the terms of the scholarship and the amount and duration of the award.

Amount, Payment and Number of Scholarships

Each scholarship granted will be for a maximum total of c dollars per year for attendance at a community college and d dollars per year for attendance at a university. Scholarship awards will be paid directly to the student's educational institution on the condition that the school disburses the funds to or on behalf of the recipient for academic expenses that satisfy the definition of a scholarship contained in Treasury Regulation 1.117-3(a). The educational institutions will agree funds will be used to defray the recipients' expenses and/or pay the funds or a portion of the funds for such purposes to a recipient enrolled at the institution whose standing is consistent with the purposes and conditions of the scholarship. You will not transmit any funds directly to the scholarship recipient.

It is anticipated that you will grant E scholarships per year. The total number will depend upon the funds available and the number of awardees attending the two-year or four-year colleges and universities.

Monitoring of Scholarship Recipients

Recipients must authorize the release of official transcripts and other information on student progress and agree to provide a detailed billing statement from the college or university for any given semester that he/she is receiving the scholarship.

The scholarship will remain in effect until the student achieves his/her degree but only if he/she meets the institution's scholastic requirements necessary for continued attendance and if he/she meets your requirements which includes taking coursework that is applicable to the declared major and degrees goal. After the first year of scholarship award, recipients will be required to submit updated information to you including current contact information, financial status, progress towards reaching their degree goals, and any other relevant of changed circumstances. The student will be required to provide copies of transcripts of each semester to you. Should the student not be able to maintain the institution's scholastic requirements or otherwise not meet your requirements, the scholarship will not be continued.

You will maintain books and records, case histories of all recipients who receive grants or contributions from you; the case histories include the names/addresses of each recipient, the purpose of the grant and amount of each grant to each recipient, as well as the manner of selection of each recipient. Your board of directors, upon recommendation of the scholarship review committee, approves all recipients as well as the amount of the grant and the purpose of the grant to each person.

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is a scholarship or fellowship subject to the provisions of Code section 117(a).
- The grant is to be used for study at an educational organization described in Code section 170(b) (1) (A) (ii).

Other conditions that apply to this determination

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures do not differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations

- You cannot award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c) (2) (B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Please keep a copy of this letter in your records.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Kenneth Corbin
Acting Director, Exempt Organizations